

# **SECTION B**

## **Property Assessment and Taxation and Homestead Exemptions**

# **BASIC PROVISIONS OF PROPERTY ASSESSMENT AND TAXATION LAWS**

## **NEBRASKA DEPARTMENT OF PROPERTY ASSESSMENT AND TAXATION**

All property in the state of Nebraska is subject to property tax unless an exemption is mandated by the Nebraska Constitution, Article VIII, or is permitted by the constitution and enabling legislation is adopted by the Legislature. Federal law may supersede the Nebraska Constitution with regard to taxation of property owned by the federal government or its agencies or instrumentalities. All property in the state of Nebraska, which is subject to taxation, shall be valued as of January 1, 12:01 a.m., of each year.

The assessor is responsible for valuing all real and personal property with the exception of railroads, public service entities, and specific personal property of air carrier and rail car line companies, which are assessed by the Property Tax Administrator. The valuation of real property is determined according to mass appraisal techniques, including but not limited to the following: (1) comparing sales of similar properties; (2) income approach; and (3) cost approach. The valuation of personal property is determined using a statutory method of depreciated values similar to the Federal Modified Accelerated Cost Recovery System and 150 percent declining balance depreciation schedules. All real property is assessed at or near 100 percent of actual value, except agricultural land is assessed at or near 80 percent of actual value, and agricultural land receiving special valuation pursuant to statute 77-1344 is assessed at 80 percent of its special value, which is the value of the land for agricultural purposes only.

Between January 1 and March 19 of each year, the assessor updates and revises the real property assessment roll. By April 15, agricultural and horticultural land valuation boards (AHLVB) may order an assessor to make changes to agricultural land values. Decisions of the AHLVB may be appealed to the Tax Equalization Review Commission (TERC), within 15 days of their published notice of action. Within 19 days following March 19 through May 15 the TERC has the authority to adjust by a percentage the valuation of classes or subclasses of real property in any county in order to achieve equalization of property values. Decisions of the TERC may be appealed to the Nebraska Court of Appeals.

The assessor revises the real property assessment rolls, for any actions taken by the agricultural and horticultural land board or TERC, and notifies property owners of value increases or decreases by June 1. Individual protests of real property valuations may be made to the county board of equalization. The county board of equalization may adjust the protested value of individual properties. Decisions of the county board of equalization may be appealed to the TERC.

Personal property is self reported by the taxpayer, on or before May 1. If the assessor makes changes to the reported valuation a notice must be sent to the taxpayer. The action may be appealed to the county board of equalization.

On or before August 10, the TERC equalizes the real property of centrally assessed railroad and public service companies with the level of statewide assessment. The Property Tax Administrator certifies centrally assessed values to the counties.

On or before August 20, the assessor compiles and certifies the total taxable value (real, personal, and centrally assessed) to each local government taxing subdivision for rate setting purposes.

Each year, on or before October 15, the county board of equalization levies the necessary taxes, within the limits of the law, for operation of all functions of county government, school districts, cities, etc. The tax rates for these various local government taxing subdivisions are determined by dividing the subdivision's annual tax request by the current total taxable value within their boundaries. The tax rates are expressed as \$1.00 per \$100 dollars of taxable value.

Property taxes are determined by multiplying the property's taxable value by the total consolidated tax rate for the tax district in which the property is located. The tax district is comprised of various governing bodies empowered to levy property taxes for services, such as county government, school district, city, etc.

On or before November 22, the assessor transcribes the real property tax list and delivers it to the county treasurer for collection of property taxes. All real and personal property taxes, including taxes of centrally assessed railroad and public service companies, are due December 31. The first half of the tax becomes delinquent on the following May 1 and the second half becomes delinquent on September 1, except in Douglas, Lancaster, and Sarpy counties, where the first half is delinquent on April 1 and the second half becomes delinquent on August 1.

For more information regarding property assessment and taxation please refer to their Web site, [pat.nol.org](http://pat.nol.org).

## **HOMESTEAD EXEMPTIONS**

A homestead exemption provides relief from property taxes by exempting all or a portion of the valuation of the homestead from taxation. The state of Nebraska reimburses the counties and other governmental subdivisions for the taxes lost due to the homestead exemptions. A homestead exemption is available to three groups of persons: (1) persons over age 65; (2) certain disabled individuals; or (3) certain disabled veterans and their widow(er)s.

For a detailed description of the homestead exemption program and the property tax relief it provides for qualified taxpayers please refer to the information guide (2-618-92 Rev. 11-2003). A hard copy of this guide can be obtained from the Nebraska Department of Revenue or printed off the Internet. The Web site is [www.revenue.state.ne.us](http://www.revenue.state.ne.us).

# PROPERTY TAX

Statutory Reference  
and Description

Actual or Estimated  
Tax Expenditure Cost  
NA = Not Available

## EXEMPTIONS

### 2-4243

Property belonging to the Conservation Corporation.

NA

### 3-209

Airports and landing fields acquired by a municipality.

NA

### 3-511

Property belonging to city airport authorities.

NA

### 3-621

Property belonging to county airport authorities.

NA

### 3-714

Property belonging to joint airport authorities.

NA

### 12-506

Property belonging to cemetery associations.

NA

### 12-517

Burial lots sold by a cemetery association for interment.

NA

### 14-812

Property belonging to metropolitan cities.

NA

### 14-1721

Property belonging to municipal parking authorities.

NA

### 14-1810

Property belonging to metropolitan transit authorities.

NA

### 15-844

Property belonging to primary class cities.

NA

### 18-2137

Property belonging to redevelopment authorities.

NA

### 21-1903

Property held by corporations organized for the purpose of holding in trust, property that would be exempt if owned and held by the organization for whose use or benefit the property is held in trust.

NA

<b>21-2311</b>	
Property belonging to industrial development public corporations.	NA
<b>23-343.117</b>	
Property belonging to hospital authorities.	NA
<b>37-301</b>	
Property held by the Nebraska Game and Parks Commission.	NA
<b>46-267</b>	
All ditches, canals, laterals, or other works used for irrigation purposes.	NA
<b>51-512</b>	
Property belonging to public museums.	NA
<b>58-268</b>	
Property belonging to the Nebraska Investment Finance Authority.	NA
<b>58-324</b>	
Property belonging to the Small Business Development Authority.	NA
<b>77-202(1)(a)</b>	
Property of the state and its governmental subdivisions.	NA
<b>77-202(1)(b)</b>	
Property owned by and used exclusively for agricultural and horticultural societies.	NA
<b>77-202(1)(c)</b>	
Property owned by educational, religious, charitable, or cemetery organizations and used for such purposes.	NA
<b>77-202(1)(d)</b>	
Household goods and personal effects when such property is not used for profit.	NA
<b>77-202(2)</b>	
Increased value of land due to shade or ornamental trees planted along the highway.	NA
<b>77-202(3)</b>	
Tangible personal property which is not depreciable. Tangible personal property used in a trade or business or to produce income.	NA
<b>77-202(4)</b>	
Motor vehicles paying a registration fee in lieu of property taxes.	NA
<b>77-202(5)</b>	
Business and agricultural inventory.	NA

**77-202(6)**

Any qualifying personal property pursuant to subsection 2 of section 77-4105, shall be exempt from personal property tax under conditions specified in the "Employment and Investment Growth Act" (LB 775, as amended by LB 1234) (see explanation below).

(See section V)

**77-4101 (Employment and Investment Growth Act - LB775,  
as amended by LB 1234)**

(See section V)

A taxpayer's business may qualify for tax incentives under the Employment and Investment Growth Act if the business plans result in either (a) the investment in qualified property of at least \$3,000,000 and the hiring of at least 30 new employees, or (b) the investment in qualified property of at least \$10,000,000 and the hiring of at least 100 new employees, or (c) the investment in qualified property of at least \$20,000,000.

**7-202.24**

Mobile home and one motor vehicle owned by a disabled or blind veteran.

NA

**77-212**

Space provided for supportive medical services exempt from the in-lieu-of payment provided for in section 77-211.

NA

**77-3507**

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for **married claimants 65 years of age or over** with household income as set out below:

Household Income (\$)	Percentage of Relief
\$ 0 through 24,850.99	100%
24,851 through 26,200.99	85%
26,201 through 27,550.99	70%
27,551 through 28,850.99	55%
28,851 through 30,200.99	40%
30,201 through 31,500.99	25%
31,501 and over	0%

**77-3507**

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for a **single claimant 65 years of age or over** with household income as set out below:

Household Income	Percentage of Relief
\$ 0 through 21,200.99	100%
21,201 through 22,350.99	85%
22,351 through 23,450.99	70%
23,451 through 24,550.99	55%
24,551 through 25,650.99	40%
25,651 through 26,750.99	25%
26,751 and over	0%

**77-3508(1)(a)**

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for a **married veteran totally disabled by a non-service connected accident or illness** with household income as set out below:

Household Income	Percentage of Relief
\$ 0 through 27,300.99	100%
27,301 through 28,650.99	85%
28,651 through 29,950.99	70%
29,951 through 31,300.99	55%
31,301 through 32,600.99	40%
32,601 through 33,950.99	25%
33,951 and over	0%

**77-3508(1)(a)**

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for a **single veteran totally disabled by a non-service connected accident or illness** with household income as set out below:

Household Income	Percentage of Relief
\$ 0 through 23,900.99	100%
23,901 through 25,000.99	85%
25,001 through 26,100.99	70%
26,101 through 27,200.99	55%
27,201 through 28,300.99	40%
28,301 through 29,400.99	25%
29,401 and over	0%

**77-3508(1)(b)(c)(d)(e)**

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for a **married, disabled individual** with household income as set out below:

Household Income	Percentage of Relief
\$ 0 through 27,300.99	100%
27,301 through 28,650.99	85%
28,651 through 29,950.99	70%
29,951 through 31,300.99	55%
31,301 through 32,600.99	40%
32,601 through 33,950.99	25%
33,951 and over	0%

**77-3508(1)(b)(c)(d)(e)**

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for a **single disabled individual** with household income as set out below:

Household Income	Percentage of Relief
\$ 0 through 23,900.99	100%
23,901 through 25,000.99	85%
25,001 through 26,100.99	70%
26,101 through 27,200.99	55%
27,201 through 28,300.99	40%
28,301 through 29,400.99	25%
29,401 and over	0%

#### 77-3509

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for **a married veteran drawing compensation** from the Department of Veterans' Affairs for 100 percent service-connected disability with household income as set out below:

Household Income	Percentage of Relief
\$ 0 through 27,300.99	100%
27,301 through 28,650.99	85%
28,651 through 29,950.99	70%
29,951 through 31,300.99	55%
31,301 through 32,600.99	40%
32,601 through 33,950.99	25%
33,951 and over	0%

#### 77-3509

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for **a single veteran drawing compensation** from the Department of Veterans' Affairs for 100 percent service-connected disability including any unremarried widow or **widower of such veteran** with household income as set out below:

Household Income	Percentage of Relief
\$ 0 through 23,900.99	100%
23,901 through 25,000.99	85%
25,001 through 26,100.99	70%
26,101 through 27,200.99	55%
27,201 through 28,300.99	40%
28,301 through 29,400.99	25%
29,401 and over	0%

**Note: The total tax loss for the State of Nebraska in 2003 was \$46,580,543.** One hundred percent was reimbursed to the counties by the State of Nebraska. The table on page B9 lists the total tax loss for each county.

#### 77-3501.01 Exempt amount, defined:

(1) For purposes of section 77-3507, exempt amount shall mean the lesser of (a) the taxable value of the homestead or (b) eighty percent of the average assessed value of single-family residential property in the claimant's county of residence as determined in section 77-3506.02 or forty thousand dollars, whichever is greater. (2) For purposes of sections 77-3508 and 77-



3509, exempt amount shall mean the lesser of (a) the taxable value of the homestead or (b) one hundred percent of the average assessed value of single-family residential property in the claimant's county of residence as determined in section 77-3506.02 or fifty thousand dollars, whichever is greater.

**77-3505.02 Maximum value, defined:**

Maximum value shall mean: (1) For applicants eligible under section 77-3507, one hundred fifty percent of the average assessed value of single-family residential property in the claimant's county of residence as determined in section 77-3506.02 or ninety-five thousand dollars, whichever is greater; and (2) For applicants eligible under sections 77-3508 and 77-3509, one hundred seventy-five percent of the average assessed value of single-family residential property in the claimant's county of residence as determined in section 77-3506.02 or one hundred ten thousand dollars, whichever is greater.

## **PREFERENTIAL TAX RATES AND VALUATION**

**37-335**

Whenever the Game and Parks Commission acquires title to private lands for wildlife management purposes, the Commission shall annually make the same payments in-lieu-of taxes as were made by private landowners for the year prior to such acquisitions to the county treasurer of the county in which the land is located.	\$326,983*
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**77-1344**

Land valued for agricultural use where actual value for other use would be higher.	NA
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**Article VIII, Section II**

(Section 70-651.01 through 70-651.05) Public corporations and political subdivisions making an in-lieu-of taxes payment equal to the amount of taxes paid in 1957, or five percent of annual gross revenue less the amount of taxes paid in 1957.	\$979,216* 1957 fixed \$25,569,153* 5% gross revenue
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\* These amounts are the in-lieu-of taxes paid as reported on the 2003 Certificates of Taxes Levied Report.

## 2003 HOMESTEAD EXEMPTION REIMBURSEMENT

ADAMS .....	\$983,877	JEFFERSON .....	\$ 316,067
ANTELOPE .....	235,609	JOHNSON .....	200,977
ARTHUR .....	7,702	KEARNEY .....	122,121
BANNER .....	10,875	KEITH .....	269,704
BLAINE .....	9,941	KEYA PAHA .....	16,499
BOONE .....	168,882	KIMBALL .....	118,778
BOX BUTTE .....	249,954	KNOX .....	316,693
BOYD .....	68,494	LANCASTER .....	6,984,574
BROWN .....	138,963	LINCOLN .....	938,169
BUFFALO .....	976,941	LOGAN .....	14,355
BURT .....	282,480	LOUP .....	15,350
BUTLER .....	200,565	MADISON .....	778,453
CASS .....	689,089	MCPHERSON .....	10,850
CEDAR .....	272,262	MERRICK .....	241,015
CHASE .....	117,766	MORRILL .....	145,587
CHERRY .....	120,802	NANCE .....	141,078
CHEYENNE .....	227,504	NEMAHA .....	199,948
CLAY .....	179,917	NUCKOLLS .....	131,331
COLFAX .....	308,393	OTOE .....	590,166
CUMING .....	310,950	PAWNEE .....	112,824
CUSTER .....	313,460	PERKINS .....	75,900
DAKOTA .....	428,618	HELPS .....	234,046
DAWES .....	235,675	PIERCE .....	247,091
DAWSON .....	498,630	PLATTE .....	940,522
DEUEL .....	74,014	POLK .....	175,680
DIXON .....	204,587	RED WILLOW .....	296,034
DODGE .....	1,306,183	RICHARDSON .....	344,896
DOUGLAS .....	11,825,128	ROCK .....	57,159
DUNDY .....	42,007	SALINE .....	452,877
FILLMORE .....	170,784	SARPY .....	2,467,883
FRANKLIN .....	119,997	SAUNDERS .....	889,582
FRONTIER .....	68,856	SCOTTS BLUFF .....	1,136,111
FURNAS .....	155,637	SEWARD .....	492,292
GAGE .....	792,478	SHERIDAN .....	152,001
GARDEN .....	62,826	SHERMAN .....	136,097
GARFIELD .....	84,425	SIOUX .....	16,114
GOSPER .....	58,035	STANTON .....	130,335
GRANT .....	16,306	THAYER .....	180,527
GREELEY .....	93,382	THOMAS .....	15,633
HALL .....	1,732,301	THURSTON .....	109,103
HAMILTON .....	196,156	VALLEY .....	186,458
HARLAN .....	111,083	WASHINGTON .....	658,643
HAYES .....	14,658	WAYNE .....	221,788
HITCHCOCK .....	80,657	WEBSTER .....	138,886
HOLT .....	330,111	WHEELER .....	11,243
HOOKER .....	26,839	YORK .....	307,974
HOWARD .....	237,329	<b>STATE TOTAL .....</b>	<b>\$46,580,543</b>

## **PROPERTY TAX RECOMMENDATIONS**

The taxable value of exempt property (e.g. governmental or permissive exempt) is not available because often assessors do not place a value on them due to the exempt status. Typically, assessors focus their time and resources on establishing values of taxable properties.

In 1999, the Legislature adopted LB 271 and in 2000 LB 968 postponed the effective date to the year 2001. This legislation now provides for exempt property owned by the state and its political subdivisions that "is not used for a public" shall become taxable in the year 2000. Public purpose does not include leasing of property to a private party unless the lease of the property is at fair market value for a public purpose.

The Department of Property Assessment & Taxation has no other recommendations.